

**DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
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MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS

SUBJECT: DCMC Memorandum No. 97-043, Contract Quality System Requirements
(INFORMATION)

This is an INFORMATION memorandum, to address recent questions about changes in contract quality system requirements. Target audience: DCMC managers, contract specialists, ACOs, engineers, industrial specialists, quality assurance specialists, and customer liaisons.

DoD buying activities are still in the process of transitioning from military to commercial contract quality requirements. We recently received complaints from DCMC field personnel about contract language appearing in some new contracts that seems to conflict with DoD policy or is not specific enough for administration. Based on those complaints, we asked your staffs to provide documented examples. Attached is a synopsis of the major themes and guidance on how CAOs should respond.

Some buying activities have already established workable strategies that result in clear commercial contract quality requirements that we can understand and administer. The remaining buying activities are now coming to grips with the change from military to commercial quality system standards. We expect that difficulties will continue in the short-term. To facilitate the transition within DLA, we recently teamed with the HQ DLA Materiel Management personnel that set procurement policy for the DLA supply centers, as they develop revised policy guidance to improve their approach in this area. Our advice centered on how the various ISO quality system standards could be tailored to meet specific requirements. We also bring significant, recurring problems to the attention of our customers' management in a variety of forums, most recently at the August 6, 1997, meeting of the Joint Service Product Quality Working Group. This group is composed of senior technical representatives from the Services and DLA who meet quarterly to discuss and seek to resolve common product quality issues and problems. As noted (attachment), we provided specific examples of contract language problems.

The CAOs should work with the buying activities if and when problems arise, but please let us know if you experience significant, recurring problems that you are unable to resolve. We are also interested in hearing about new lessons learned so we can share them with the rest of the organization. DCMC Product & Manufacturing Assurance Team (AQOG) points of contact are Mr. Dick Kane, (703) 767-2408 or DSN 427-2408, or Mr. Maurice Poulin, (703) 767-2395 or DSN 427-2395.

JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment

Example 1: New contracts cite canceled military standards, e.g., MIL-I-45208A or MIL-Q-9858A.

HQ Comment: Buying activities continue to include canceled standards in their new contracts. Unless the inclusion of the canceled standard conflicts with a Government approved Single Process Initiative (SPI) proposal, the contract should be administered as it is written. In the event of an SPI conflict, DCMC personnel should notify the buying activities via DD Form 1716, providing a recommendation as to the appropriate quality requirement for the contract, and coordinate with the local Management Council. (Reference DCMC policy memos 96-91, dated December 20, 1996, subject: Canceled Specifications/Standards in New Contracts, and 97-19, dated February 5, 1997, Canceled Specifications/Standards in New Contracts). The recommendation to the buying activity should be to use the contract quality requirement already approved and in use per the block change.

Example 2: Contracts require the contractor to maintain a quality system conforming to “ISO 9000” or an “inspection system equivalent to or better than ISO.” The specific ISO quality system requirement (i.e., ISO 9001, 9002, 9003) that applies is not cited.

HQ Comment: This is an issue that must be resolved immediately, before DCMC can evaluate the contractor’s quality system. DCMC personnel should notify the buying activities via DD Form 1716, identifying the problem and recommending an appropriate quality system requirement. This example was specifically highlighted as problematic at a Joint Service Product Quality Working Group meeting on August 6, 1997.

Example 3: Contracts require the contractor to maintain “a quality system equivalent to ISO 9001,” without specifying how “equivalency” should be determined.

HQ Comment: We do not view this as problematic. Clearly the contract requires a quality system that satisfies all of the applicable elements of ISO 9001. Equivalency should be assessed by comparing the contractor’s quality system to the applicable elements of ISO 9001.

Example 4: Contracts require the contractor to maintain a quality system that complies with MIL-I-45208A or ISO9002. Which is it?

HQ Comments: This is clear enough. The contractor must maintain a system that complies with either MIL-I-45208A or ISO9002. If the contract award document does not clearly specify which standard the contractor has elected to follow, the CAO should ask the contractor for written correspondence indicating the contractor’s choice.

Example 5: Contracts require the contractor to obtain and maintain a third-party certification attesting that his quality system satisfies ISO 9001.

HQ Comments: It is DoD policy to not require third-party certifications or registrations, but the buying activities clearly have primary responsibility for contract content. If contracts are received that require third-party quality system certifications or registrations, the CAO should immediately bring it to the attention of the buying activities and recommend contract revision, reminding them of DoD policy (reference USD(A&T) memorandum dated February 14, 1994, subject: Use of Commercial Quality System Standards in DoD, third paragraph, last sentence). If the buying activity chooses not to revise the contract, the CAO should administer the contract as it is written, requiring the contractor to maintain a third-party quality system certification or registration.

Although DCMC can administer the contract as written, this example was also highlighted at a Joint Service Product Quality Working Group meeting on August 6, 1997, because the contract language seems to violate DoD policy.

Example 6: The Acme Co. has different DoD contracts citing different contract quality system standards (e.g., ISO 9001, MIL-Q-98584 & the Acme Quality System). What does the CAO do in such a situation?

HQ Comments: The best solution would be to use the local Management Council as a forum for encouraging the contractor to develop and submit an SPI proposal identifying a single quality system standard. An approved SPI proposal will result in a block change to all contracts, implementing a single contract quality system standard. Failing that, the contractor must maintain a quality system satisfying the requirements of all the quality system standards cited in his contracts. The CAO is there to perform Quality System Evaluations to make sure that happens.

Example 7: A “quick turn-around” contract requires an ISO 9002 quality system. The contractor is ready to ship shortly after contract award, before the CAO has a chance to evaluate the contractor’s quality system. How should the CAO proceed?

HQ Comments: Contact the customer, explain the problem, tell the customer what we do know about the contractor’s quality system, and ask for advice on how to proceed.